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NO. 81-

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IN THE

Supreme Court of the United States

October Term, 1981

POTTER INSTRUMENT COMPANY, INC.
Petitioner,

v.

STORAGE TECHNOLOGY CORPORATION
TELEX COMPUTER PRODUCTS, INC.
SPERRY CORPORATION
CONTROL DATA CORPORATION,
Respondents.

PETITION FOR A WRIT OF CERTIORARI TO

THE UNITED STATES COURT OF APPEALS

FOR THE FOURTH CIRCUIT

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QUESTIONS PRESENTED FOR REVIEW

Whether a finding of laches in a patent infringement action bars recovery for damages at law when the period for delay is less than the six years specified in the statute of limitations?

Whether, as a matter of law, laches can be found if the period for delay is less than the six years specified in the statute of limitations?

PARTIES TO THE PROCEEDING BELOW

All parties listed in the caption were parties to the proceeding below. The proceeding below was had in the United States Court of Appeals for the Fourth Circuit in their Docket No. 80-1428.

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OFFICIAL AND UNOFFICIAL REPORTS OF
OPINIONS DELIVERED IN
THE COURTS BELOW

The decision in the United States District Court for the Eastern District of Virginia, Alexandria Division, is reported in Volume 207 of the United States Patent Quarterly at Page 763 (207 USPQ 763).

Petitioner is unaware of any official or unofficial report of the decision of the Court of Appeals. However, this decision has been submitted to the publisher of USPQ for publication.

GROUNDS ON WHICH JURISDICTION OF THIS COURT IS INVOKED

Date of Decree Sought To Be Reviewed And Time Of Its Entry

The Potter Instrument Company, Inc. (PICO) prays that a writ of certiorari issue to review the decision of the United States Court of Appeals for the Fourth Circuit. This decision was dated and entered on February 23, 1981.

Rehearing

No rehearing was requested by any party before the Fourth Circuit Court of Appeals.

Jurisdiction

The statutory provisions believed to confer jurisdiction on

this court to review the decree in question is based on 28 USC 1254(1). This petition is being filed within 90 days of the judgement of the Court of Appeals and is, therefore, timely.

STATUTES AND RULES WHICH THIS CASE INVOLVES

35 USC 286 entitled "Time Limitation on Damages" states in pertinent part:

> "Except as otherwise provided by law, no recovery shall be had for any infringement committed more than six years prior to the filing of the complaint or counterclaim for infringement in the action."

CONCISE STATEMENT OF THE CASE

History of the Case

PICO sued Storage Technology Corporation (STC), Control Data Corporation (CDC), Telex Computer Products, Inc. (TELEX) and Sperry Univac (SPERRY) in separate suits in the United States District Court for the Eastern District of Virginia.

These suits alleged infringement of PICO's U.S. Patent 3,176,894 (the '894 Patent) and infringement of PICO's U.S. Patent 3,226,685 (the '685 Patent). These cases were consolidated for pre-trial proceedings. After a hearing, Judge Oren R. Lewis, speaking for the District Court, dismissed all suits on grounds of laches and estoppel. The Court of Appeals affirmed on the laches ground and declined to rule on the estoppel ground.

A separate action is pending against the United States in the Court of Claims as its Docket No. 111-78. All respondents here are third-party defendants in the Court of Claims case.

This same case has previously been before this court. CDC petitioned this court for a writ of certiorari in Docket No. 80-561. The petition was based upon procedural issues relating to the timeliness of filing an appeal. This court denied cert.

The '685 Patent

The '685 Patent relates to a system of recording data on tape drives. These tape drives are employed with high-speed computers.

The IBM Corporation took a license under this and other patents and paid PICO $3.7 million. After IBM took a license, it introduced a recording scheme employing the patented system and called its recording scheme Group Coded Recording or simply "GCR." In order that the other manufacturers who are respondents here could effectively compete in the marketplace, a movement was started to cause the American National Standards Institute (ANSI) to issue a standard for voluntary compliance which standard incorporated the IBM GCR system. This standard was issued in June of 1976. It is PICO's position that anyone who complies with the ANSI standard infringes its '685 Patent.

Both before and after issuance of the ANSI standard in June of 1976, PICO's President wrote to these respondents requesting that they take a license under the '685 Patent. None did. Accordingly, in March of 1978, PICO's then President filed a suit against the United States Government in the Court of Claims. All respondents here were brought into the Court of Claims action as third-party defendants. All respondents supply infringing drives to the United States Government. However, after conducting legal research, it was believed that a court might hold that filing of the Court of Claims action did not toll the running of the statute of limitations (35 USC 286) as to commercial, i.e., non-governmental sales by these respondents. Accordingly, separate infringement actions were filed against these respondents in the United States District Court for the Eastern District of Virginia.

It is undisputed that the period of delay beginning with the time that PICO first had actual or constructive knowledge of respondents' infringement until filing of the suits in the Eastern District of Virginia is less than the six years specified in 35 USC 286. PICO never requested an injunction and does not now seek one. PICO never requested any equitable relief. Notwithstanding the fact that the period of delay had been less than the six years set in the statute of limitations and notwithstanding the fact that PICO reqeusted no equitable relief, the District Court dismissed the actions thus preventing PICO from recovering for any infringement prior to the date on which suits were filed.

CDC and the '894 Patent

PICO's '894 Patent relates to certain mechanics of the tape drive. IBM also took a license under this patent and announced and marketed a new tape drive using this patent.

All the tape drive industry copied the IBM tape drive. PICO sued one such manufacturer whereupon the patent was held valid and infringed. Potter Instrument Co. v. Bucode, 184 USPQ 662 (Eastern District of New York 1975). CDC also copied the IBM tape drive. PICO sued CDC within approximately three years of the date of introduction of CDC's infringing tape drive. PICO has abandoned its infringement claim of the '894 Patent against respondents other than CDC.

THE WRIT SHOULD BE ALLOWED

The writ should be allowed because (a) the Court of Appeals has acted contrary to a congressional mandate; (b) a conflict among these circuits exists; and (c) this court should settle the law.

The Court of Appeals Has Acted Contrary to a Congressional Mandate.

The six-year statutory period was introduced to preclude the equitable defense of laches within that time period.

In House Report 2263(51-1) 2813, the following comment by the Patent Committee appears:

> "Section 7.--This section proposes to create a limitation of actions for infringement of patents. Under existing law the decisions are conflicting as to what limitation of action exists for the recovery of past damages and profits. The better opinion is that a suit may cover the whole term of a patent (seventeen years) and six years thereafter (May v. Logan County, 30 Fed. Re., 250). This bears no analogy to any existing statute of limitations and is an incentive to laches. Six years is long enough. The latter provision of this section explains itself." (our emphasis)

More significantly, in the debate in the House of Representatives, the following comment on the new section appears:

"Section 6 provides a statute of limitation in patent cases. Under the decisions of the Supreme Court the State statutes of limitation apply to actions for infringement of patents brought upon the law side of the court. It seems to your committee desirable that there should be a uniform statute of limitations, and they therefore adopt the recommendation of the committee of the bar assocaiation." (our emphasis)
Congressional Record-House
January 18, 1897, P. 901.

A Conflict Among These Circuits Exists.

Only the Seventh and now the Fourth Circuit apply laches when the period of delay has been less than the six years specified in 35 USC 286. The Seventh Circuit case is Advanced Hydraulics v. Otis, 186 USPQ 1, wherein the delay period was about five years. The Fourth Circuit case is, of course, this one.

All other courts reach contrary conclusions.

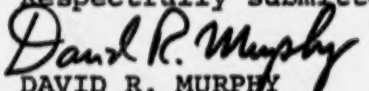
This Court Should Settle the Law.

This court should settle the law to provide certainty for patentees and litigants and to reduce forum shopping. The results in patent infringement action should not be different in different circuits.

Summary

In summary, this court should grant certiorari in order to settle the conflict among the circuits, bring them into conformity with the congressional mandate, and thereby reduce forum shopping.

Respectfully submitted,



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